

**DISSENTING STATEMENT OF
COMMISSIONER MICHAEL J. COPPS**

*Re: Multi-Association Group (MAG) Plan for Regulation of Interstate Services of
Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*

Notwithstanding the tremendous importance of addressing access charge reform for rural carriers, I respectfully dissent from today's order. While we must move forward as expeditiously as possible to complete this process, it is dangerous to proceed prematurely to an order before we know the full implications of our actions. Rural carriers, consumer advocates, and state commissions, among others, express great apprehension about the impact of today's decision. I find no clear consumer benefits from moving ahead before we get all of the facts and air all of the concerns. In sum, I fear that we are outdriving our headlights.

I believe the more prudent course of action would have been to seek comment on the new proposal the Commission adopts today in order to ensure that it achieves the objectives Congress laid out in the Telecommunications Act of 1996.

A core principle of the 1996 Act is that all Americans should have access to reasonably comparable services at reasonably comparable rates. At the same time, given the goal of competition in all telecommunications markets, Congress directed us to establish a universal service support mechanism that is explicit and sufficient in a competitive market. As we restructure rates and make explicit the hidden subsidies in access charges, we must recognize that these implicit subsidies were used to finance affordable services.

It is not easy to work out the details of a new regime. Last year, rural carriers and their associations proposed a comprehensive plan to resolve numerous issues facing rural carriers, including reform of access charges and universal service support, and a new incentive form of regulation. This proposal became known as the Multi-Association Group (MAG) plan. Other carriers including IXC's and wireless carriers submitted their own proposal to address certain of these issues.

The majority today takes up a piece of the comprehensive MAG plan – access charge reform – but adopts significant modifications to the proposals submitted to the Commission. Some argue that it would be an extraordinary measure to seek additional comment on the Commission's proposals. Given the breadth of concerns that have been raised, and the lack of opportunity for affected parties to analyze this new proposal, I think it would be extraordinary not to seek additional comment.

Many parties have raised significant concerns. We have heard from rural carriers concerned about the impact of today's action on telecommunications investment in rural areas, including broadband investment; from state commissions concerned about the harmful impact on universal service support mechanisms; and from consumer advocates

concerned about increased consumer rates that will likely result from this order. This being the case, and when the task before us is so complicated, I believe in this instance it is incumbent on us to err on the side of caution to ensure that the actions we take are wise rather than merely expeditious.

I do not advocate delay lightly. But were we to put this proposal out for comment and continue to give these issues the high priority they deserve, we could address all these concerns and adopt a final order in a few months -- in time to implement access charge reform by July 1, which is, I would point out, the *same date* for implementation of the new support mechanism contained in today's order. The cost of gathering more information would therefore be minor, and the benefits multiple.

As it stands, however, without airing and receiving comments on the contours of the reforms adopted today, I have serious concerns that we do not understand the full impact of today's decision on rural America. For rural carriers, access charges and universal service comprise the substantial majority of their revenue stream. The goal of access charge reform must be not only to remove, and make explicit, the implicit subsidies in access charges, but must also provide the stability necessary for investment in rural America. It is essential that any regime we adopt increases certainty so that rural carriers can plan for the future and undertake necessary investment to modernize the telecommunications infrastructure in their communities. I am concerned by claims that this order will, to the contrary, increase uncertainty for rural carriers, impeding infrastructure investment and broadband deployment.

I am further concerned about the effect of this order on consumer rates, particularly for those who live in rural areas. As we transition to a new access charge regime, it is imperative that we prevent upward pressure on rates in high-cost areas. Rural consumers will only benefit when we establish an economically rational mechanism that will promote not only the Act's objective of competition, but also its goal of universal service.

The Commission has already made substantial progress towards ensuring that universal service and access charge regimes have been adapted to the changing marketplace. We have adopted universal service reforms for both rural and non-rural carriers. And we have identified, and made explicit, the subsidies embedded in access charges for price cap carriers in order to reduce distortions in the marketplace that serve as impediments to competition. In this instance, I believe the Commission needs more information to ensure that the action we take is in the public interest. The public interest can be well and faithfully served if we accord this far-reaching new proposal the stakeholder input it deserves. This can be done quickly and with much more consensus at the end of the process than we will otherwise have today.